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The Reform of US AID:
A Central American Perspective

Report prepared by Laura Renshaw

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DEDICATION

This report is dedicated to the memory of Artruro Gallese. As director of CRIES, the Regional Coordinator of Social and Economic Studies, based in Nicaragua, he was an activist academic, who championed the use of research as an instrument of social change. He was an inspiring colleague and friend to all of us, and his untimely death in May was both a tremendous personal and professional loss.

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REPORT ON MEETINGS ON THE REFORM OF USAID: A CENTRAL AMERICAN PERSPECTIVE

EXECUTIVE SUMMARY: RECOMMENDATIONS

On May 3 and 4, 1993 a delegation of Central American researchers and popular sector leaders were in Washington, D.C. for two days of meetings on Capitol Hill and the Department of State, arranged by Oxfam America, to discuss the issue of U.S. foreign assistance. The purpose of these meetings was to bring the views of Central Americans directly to Washington to add their voices to the debate on foreign aid reform, specifically reform of the U.S. Agency for International Development (USAID). The researchers, from Costa Rica, El Salvador, and Guatemala, had recently completed a multi-country, two-year study of the impact of U.S. foreign assistance in Central America. The NGO (non-governmental organizations) and popular sector representatives came from organizations that work in the rural sector with cooperatives, the rural poor, and those displaced by the wars that racked Central America in the 1980s.

Despite their different professions, experiences, and nationalities, there was a strong consensus among the participants regarding key elements of AID reform. In terms of reforming the **policies, procedures and structures of USAID** (p. 13-16) they recommended:

1. **Depoliticizing AID.** The ability of AID to promote genuine development has been totally undermined by its numerous and conflicting mandates. AID must find ways to define a clear mission and consistently act on that mission. Because of AID's close association with governments and policies that have been seen as perpetuating poverty for the majority of people in Central America, the agency must create trust and demonstrate a level of responsiveness to the organized sectors of the urban and rural poor, sectors that were actively excluded from economic and political power in the 1980s.

2. **Increase Transparency.** Although AID repeatedly has expressed a strong commitment to democratization and development, its own operations are shrouded in mystery, even to beneficiaries of its projects addressed to small and medium sized farmers. AID must be more willing to share information, not only with host governments, but also with project "beneficiaries" and other interested NGOs and popular organizations, about its funding in each country, the results of analyses and evaluations -- many of which would provide valuable information on the development process -- and its operations and decision-making processes.

3. **Relying on Local Expertise and Institutions.** There is a wealth of experience and expertise within each of the Central American countries. AID mission staff must acquaint themselves with the development programs and efforts of the entire range of existing, local NGO and popular organizations, and increase direct funding to those organizations that effectively represent broad-based community interests.

4. **Structural Reform.** AID needs to make structural changes within the United States and overseas. Within the United States, an institutional structure and other mechanisms must be developed to help isolate it from competing political pressures and foreign policy exigencies. In its country missions, it needs to develop mechanisms that increase participation and review of its work by local representatives. Local government, popular sector, and business leaders should be involved in decision-making regarding agency priorities for a host country. AID also needs to develop procedures to insure participation of project beneficiaries in the design, implementation, and evaluation of projects.

The Central American participants identified the following **funding priorities** (p. 10-12):

1. **Credit** Structural adjustment programs have virtually eliminated credit for the cooperative sector, as well as for small and medium size farmers. These sectors have tremendous productive potential which should be tapped. AID should re-examine its attitude toward the cooperative sector, taking a long-term perspective which factors in both the economic and social role of cooperatives. This re-evaluation should make clear both the need for and efficacy of investment in this sector.

2. **Land** The land issue remains a crucial, unresolved issue in Central America. A commitment on the part of AID to promote expeditious compliance with land reform laws or other agreements around land distribution in each of these countries is essential, if rural poverty is to be solved.

3. **Infrastructure** USAID funds should support the improvement of infrastructure for production -- such as electricity, potable water, highways and roads -- targeting regions heavily occupied by medium and small producers. USAID should also fund social infrastructure projects, such as health and education, to address problems that are particularly debilitating to vulnerable populations.

4. **Technology** Small and medium producers need access to both production and information technologies. The former is needed to improve sustainable production and develop the capacity to process raw materials into finished products. The latter is needed to provide information and forecasting capabilities on regional, national, and international marketing trends.

5. **Markets** Small farmers and producer cooperatives will remain economically vulnerable as long as they are subject to conditions imposed by monopolies. Ways need to be found to eliminate the intermediary in selling produce both in the domestic and international markets.

6. **Institutional Strengthening** A commitment by USAID to help provide greater access to these resources would also require a commitment to enhance the capacity of local NGOs and popular sector organizations to manage increased resources, new technologies, and new responsibilities, such as marketing and food processing. Training should be a central component of any AID funding strategy.

In short, while the participants clearly sought increased financial support for their efforts, they also emphasized the need for information and productive technologies and training in an array of activities, so local organizations can invest the resources available more effectively. They are seeking greater control over the whole economic process -- from production to marketing --- so they have a genuine chance at development, rather than being tripped up at various stages by policies that work to their disadvantage.

The participants emphasized two additional, crucial points:

1. **The role of national governments** Central American governments have used the requirements of structural adjustment recommendations to abdicate fundamental responsibilities of government and create unprecedented opportunities for private entrepreneurs through the privatization process. AID must not further encourage the government to minimize its responsibilities, but help modernize the state so that it can better meet its obligations to build productive infrastructure, provide effective health and educational services, implement tax and judicial reform, reduce corruption, and insure that the military is subordinate to civilian authorities (p. 12-13).

2. **AID in the broader policy context** The activities of USAID are a small part of a much broader policy context. The failure of policymakers to reassess the efficacy of macro-economic policies -- structural adjustment, debt, and trade policies -- including their deleterious impact on the rural and urban poor, makes genuine, **sustainable**, community-based development an impossibility, regardless of the level of investment by USAID (p. 14).

These meetings were part of an ongoing process to represent the views of the NGO and popular sectors to AID officials. We hope that the following summary of the meetings will contribute to the advancement of this process.

REPORT ON MEETINGS ON THE REFORM OF USAID: A CENTRAL AMERICAN PERSPECTIVE

INTRODUCTION

On May 3 and 4, 1993 a delegation of Central American researchers and popular sector leaders were in Washington, D.C. for two days of meetings on Capitol Hill and the Department of State, arranged by Oxfam America, to discuss the issue of U.S. foreign assistance. The purpose of these meetings was to bring the views of Central Americans directly to Washington to add their voices to the debate on foreign aid reform, specifically reform of the U.S. Agency for International Development (USAID). The researchers, from Costa Rica, El Salvador, and Guatemala, who had recently completed a multi-country, two-year study of the impact of U.S. foreign assistance in Central America. The NGO (non-governmental organization) and popular sector representatives came from organizations that work in the rural sector, with cooperatives, the rural poor, and returnees and those displaced by the wars that racked Central America in the 1980s, and that continue in Guatemala to the present.

Carlos Sojo, of the Center for Studies for Social Action (CEPAS) in Costa Rica, outlined the purpose of the meetings:

> *In our opinion [these meetings] will allow us to express the views of the sectors which did not benefit from US aid in the 1980s. These sectors, however, offer possibilities for an economic development for the long term -- an equitable development, in harmony with nature, that will guarantee that economic development aids social and political stability at the same time. In our presentations, we will show what we have in common in Central America. Yet the common problems have a particular way of manifesting themselves, and each country has its unique problems, political processes, historical experiences and needs. Because it is not possible to offer one single package for all of the Central American countries, we are here also today to discuss alternative policies that will guarantee long-term, sustainable development that will meet the needs of the majority of the population.*

BACKGROUND

The Policy Environment Foreign assistance has a tremendous impact on the populations in recipient countries. With the end of the Cold War, there was hope that U.S. foreign assistance would be less ideologically driven, and more willing to try innovative means to address the continuing problem of poverty among the urban and rural poor of the global South. This has not proved to be the case in the last years of 1980s and into the first years of this decade, during which USAID, the World Bank, and the International Monetary Fund (IMF) embraced a "free market" development model. The requirements for receiving most bilateral and virtually all multilateral assistance became the adoption of structural

Central American Representatives

Deborah Barry is Director of PRISMA, the Program of Research on the Environment and Development, a Salvadoran research institution that conducts studies on the impact of development policies on El Salvador. PRISMA aims to strengthen the capacity of NGOs to propose alternatives to the policies of government and international institutions. Deborah Barry is also the author of the Spanish-language book Regional Economic Assistance of U.S. A.I.D: Institutional Diagnosis.

Jorge Escoto is Head Researcher of AVANCSO, the Association for the Advancement of the Social Sciences in Guatemala. He is co-author of the Spanish-language book The Influence of U.S. A.I.D. in Guatemala: Power and the Private Sector, and numerous other books and articles on foreign aid and economic development.

Emilio Flores is President of FESACORA, the Salvadoran Federation of Agrarian Reform Cooperatives. FESACORA represents 300,000 people in 184 agricultural cooperatives formed through the Agrarian Reform of the early 1980s. Emilio Flores is also a member of the Board of Directors of COACES, the Confederation of Cooperative Associations of El Salvador, to which FESACORA is affiliated.

Juan Francisquez is a member of a Guatemalan NGO, CONAMPRO, the National Coordinating Body of Small and Medium Producers. It brings together 11 national peasant organizations around common issues affecting them, in particular those resulting from neoliberal and structural adjustment policies.

Ismael Merlos is President of COACES and FUNDE. COACES is the Confederation of Cooperative Associations of El Salvador. It represents and provides technical assistance to six federations comprising most of the country's agricultural, credit, transportation, and consumer cooperatives. FUNDE, the National Foundation for Development, is a NGO led by a Board composed of representatives of 22 grassroots organizations. He is also the labor sector representative in the Forum of Economic and Social Concertation created through the Peace Accords.

Jaime Miranda represents CONCERTACION, the National Coalition of Refugees, Returnees, and Displaced People of El Salvador. He is also Director of ASDI, the Salvadoran Association of Sustainable Development, a member of CONCERTACION.

Jaime Molina represents FASTRAS, the Federation for the Representation and Solidarity of Salvadoran Workers. FASTRAS is a member of CONCERTACION.

Amilcar Navarro is a member of the Board of Directors of UNAG, the National Union of Farmers and Cattle Raisers in Nicaragua. He represents Nicaraguan coffee producers in UNAG. He also represents UNAG in the International Federation of Agricultural Producers and in the Union of Coffee Growers of Central America, Mexico, and the Caribbean.

Daniel Nunez is President of UNAG, the National Union of Farmers and Cattle Raisers. UNAG is a non-governmental organization that represents 125,000 small and medium producers in Nicaragua, and is working to bring about the economic democratization of production. Daniel Nunez is also a former representative at the National Legislative Assembly of Nicaragua.

Carlos Sojo is a member of the Board of Directors of CEPAS, the Center of Studies for Social Action in Costa Rica. A sociologist, he was the regional coordinator of a study on the institutional impact of U.S. economic aid on Central America. He is the author of the Spanish-language book The Utopia of Minimum Government: The Influence of U.S. A.I.D. in Costa Rica during the 1980s.

George R. Vickers is the Executive Director of the Washington Office on Latin America. At the time of the meetings he was a professor of Sociology at City University of New York, and Director of the Institute for Central American Studies in New York City. He is also a member of the Board of Directors of Hemisphere Initiatives, a non-profit organization that has carried out election observations and monitoring missions in Nicaragua and El Salvador. Since 1984 he has been studying processes of democratic transition in Central America.

adjustment policies, which were meant to improve a country's foreign investment climate by reducing regulations on business, increasing exports, and drastically reducing government spending.[1] These policies, while promoting macro-level growth in some countries, have done so at great cost to vast segments of the populations in countries undergoing adjustment.[2] Because of the focus on macro-level growth, these programs have accelerated environmental deterioration, exacerbated poverty, and undermined means of survival and advancement for millions of poor people.

In this broader context, Central America represents a special case. Because of its proximity to the United States, it has historically been a region of particular interest and concern. In the 1980s, civil wars in El Salvador, Nicaragua, and Guatemala -- wars whose impacts were felt well beyond the borders of the countries involved -- kept the region in a state of permanent crisis. Despite massive investments of U.S. foreign assistance, even with the end of the wars in Nicaragua and El Salvador, the root causes of poverty in that region remain -- concentration of land, political power, and economic resources; weak democracies with dominant militaries; and weak economies that virtually exclude vast segments of the economically active population.

In the last four years of the 1980s, 70 percent of all U.S. assistance to the Western Hemisphere was for Central America -- a region that represents just five percent of the population. These funds did not bring about significant economic results, and did not change for the better the situation of poverty in which the majority of the population lives in Central America. -- Carlos Sojo

However, for the first time in well over a decade, there are positive developments, both within Central America and internationally, which hold potential for genuine progress for the region for the rest of the decade and into the 21st century. Despite the restricted nature of many of the democracies in the region, there is a new political space that popular sector organizations, NGOs, and other advocates of the poor can now occupy and build upon in most of the region. Learning from their experiences over the years, drawing on the lessons of other organizations through regional and international exchanges, and benefitting from collaboration with northern NGOs and advocacy groups, these organizations have produced an intellectual ferment with a breadth of vision and a sound pragmatism that bodes well for the effort to promote genuine development.

Certainly, the U.S. government will continue to play a crucial role in Central America's

[1] While it was widely recognized that some form of structural adjustment was necessary in many countries -- the Sandanistas instituted a number of adjustment measures in the late 1980s -- the severity and combination of measures. While governments have reduced spending on social services, they have not instituted tax reforms.

[2] For a discussion of the impact of structural adjustment policies, and the response of NGOs and popular sector organizations throughout the world see, Ross Hammond and Lisa McGowan, The Other Side of the Story: The Real Impact of World Bank and IMF Structural Adjustment Programs, The Development Gap, Washington, D.C., 1993.

future and the policies it adopts in the areas of trade, aid, and foreign policy will either facilitate or hinder genuine development. With the formation of the Wharton Commission, established at the request of President Clinton soon after his election, to conduct a fundamental review of foreign aid, U.S.-based NGOs and their regional counterparts mobilized to become part of this debate.

Because of their proximity, and the "special relationship" between the U.S. and Latin America, Latin Americans working for sustainable, democratic development at the grassroots level must have a voice in the deliberations. This is particularly important for representatives of the urban and rural poor, in countries where they have been intentionally marginalized by their governments, and often violently repressed.

The Process of Dialogue Since the beginning of the year, a number of activities have occurred, both here and in Central America, to try and get the Central American voice heard on the issue of foreign aid (see Appendix 1). Oxfam America has tried to further this process in its role as an advocate in the United States on behalf of our partners, by inviting some of our Central America partners and representative spokespersons who have a profound knowledge of Central American realities, the development process in that region, and positive ideas for a constructive role for U.S. foreign assistance.

> *The sectors that are represented here for the first time in the past 12 years and now have an opportunity to talk to policymakers, represent sectors that have not only been isolated from access to funds or as beneficiaries of AID programs, but also were regarded as representing sectors that for a decade were seen as a threat to the stability of national governments and U.S. interests in the region.* -- Deborah Barry

We were encouraged to do so by Dick McCall, then Senior Policy Analyst to the Senate Committee of Foreign Relations. During the planning process for the meeting, Mr. McCall became special advisor to the Deputy Secretary of State, becoming deeply involved in the development of the Wharton Commission Report. Two days of meetings were held on May 3 and 4. On May 3rd, an all-day briefing was held in a hearing room in the Rayburn House Office Building, and on May 4th the Central American representatives met at the State Department with about a dozen officials from USAID for several hours. The following summary attempts to capture the depth and richness of the materials presented over the two-day period, and is based largely on the taped transcripts of the first day of meetings on the Hill.

The primary purpose of the meeting was to offer suggestions for changes in USAID policy and practices. Because those recommendations were informed by past experience with USAID and the current economic and political context each of the countries finds itself in, this was an important element of the presentations.

Country Backgrounds

Three countries were the main focus of discussion -- El Salvador, Guatemala, and Nicaragua.[3] Each country has had very different experiences with U.S. foreign assistance in the 1980s, although each country suffers from extreme poverty and each was in the midst of prolonged armed conflict throughout the decade. El Salvador and Nicaragua are attempting to emerge from civil wars, while efforts to reach a negotiated settlement in Guatemala have recently taken on a more favorable cast with the failure of Jorge Serrano's *auto-golpe*, and the selection of Ramiro de Leon Carpio, a well-respected human rights advocate as president. Although the nature of the armed struggle and the outcome has been different in each case, the legacy of war and government policy has left a rural sector that remains impoverished and disadvantaged.

Nicaragua The government of Nicaragua was not a recipient of U.S. foreign assistance during the 1980s, but rather was the subject of a U.S. economic embargo. However, the impact of U.S. foreign intervention was directly felt through the U.S.-financed contra war against the Sandinista regime. The war ended with the 1990 elections, in which the Sandinista government lost to the UNO coalition, headed by Violeta Chamorro, and peacefully transferred power. The Chamorro government inherited an economy devastated by the prolonged economic blockade imposed by the U.S. and the contra war, as well as economic mismanagement on the part of the Sandinistas.

There was hope, strongly encouraged by the Bush administration -- which invested millions of dollars in support of the UNO coalition during the elections -- that the U.S. government would help finance the recovery and reconstruction of the country. As a precondition, the Chamorro government agreed to adopt a strict structural adjustment policy, as well as demobilize the contras and drastically down-size the Nicaraguan army. The adjustment package, which included the dismantling of state farms and many government programs, severe restrictions on credit, and trade liberalization which flooded the Nicaraguan market with foreign products, all helped push the un- and under-employment rate to nearly 60%. This, along with the need to reintegrate returning refugees and ex-combatants into the society and the economy, and the

After the war, we as peasants committed ourselves the task of advancing the transition to peace and democracy. First, we looked to extend a hand to our farmers, who had ended up on the side of the contras; for in the war, it is the peasants who suffer and die, while other people make the decisions. And second, we agreed to support Violeta Chamarro's concenacion agreement, although big business has refused to sign it, because we want to be a part of government in cooperation with the other sectors. -- Daniel Nunez

[3] Other countries in Central America, most notably Panama and Honduras, have also been affected tremendously by U.S. foreign assistance. El Salvador, Nicaragua, and Guatemala are countries in which Oxfam America funds development programs and, consequently, had the contacts and ability to identify representatives for the purposes of these meetings.

failure of the U.S. to come through with assistance in sufficient quantities, has placed significant strains on both the economic and political system.

Probably the clearest beneficiary of the early years of the Sandinista government was the peasantry. They had from greater access to land, credit, support services, health care, and education, which benefitted tens of thousands of farming families. Consequently, they have felt the brunt of the austerity measures, especially the reduction in credit and technical support to cooperative farms and smallholdings, and government support of peasant unions. In contrast, in post-war Nicaragua, the government has channeled significant amounts of the foreign assistance that has been made available to it to large landholders and private entrepreneurs. Consequently, the *campesinos'* experience of the U.S. foreign policy apparatus has been almost uniformly negative, regardless of the side on which they fought during the civil war.

AID came to Nicaragua in 1990 to support the large producers, to support right-wing parties, to support the development of private banks. In Nicaragua, seven private banks have opened. However, over 70,000 peasants who have land titles cannot get credit. At this moment, there are 800,000 acres which do not have a single head of cattle because the private banks are trying to make the farmers migrant workers and cheap labor. How can we talk about building civil society and promoting overall development when AID only benefits the large producers? -- Daniel Nunez

El Salvador On January 16, 1992 the ARENA government signed peace accords with the FMLN, after a brutal 12-year civil war, in which an estimated 75,000 people, mostly civilians, were killed. The FMLN had been fighting to break the hold of the "14 families" and the military on political and economic power, which had guaranteed the impoverishment of the vast majority of the population. By the late 1980s the war had reached a stalemate. The FMLN had extensive control over roughly one-third of the country, although the Departments of Chalatenango, Usulatan, Morazan, San Miguel and San Vicente were subject to frequent bombing raids. The military, on the other hand, while well-equipped and financed, suffered a severe strategic setback when the FMLN successfully launched a major assault on San Salvador in November, 1989. Its reputation -- and its standing with the U.S. Congress -- was further damaged when its deep involvement in the murders of six Jesuits at the University of Central America was established.

Unlike Nicaragua, where AID was not directly active during the 1980s, El Salvador received billions of dollars in direct, bilateral U.S. assistance. AID policy in El Salvador underwent a gradual evolution during this period. In the early 1980s it emphasized a counter-insurgency doctrine with economic and social reforms, meant to win the "hearts and minds" of the people. By the mid to late 1980s it had shifted focus to promoting macro-economic reforms through the mechanisms of structural adjustment measures. In the last few years of the decade it developed an evolving emphasis on democratic initiatives, as the United States and certain segments of the civilian population looked for ways to end the war. These democratic initiatives consisted of support not only for the electoral process, but also the

On the positive side, I would say that the economic leverage represented by AID and some of its democratic initiative programs have helped to wean the traditional economic elite from its historic alliance with the armed forces and the death squads, and the forms of violent repression they were accustomed to using. -- George Vickers

The macro-economic reforms, which reduced inflation, stabilized the exchange rate, and stimulated exports, also had a number of negative consequences. Based on studies by FUSADES, the Foundation for Social and Economic Development, urban poverty increased from 47% in 1985 to 67% in 1988; the central government's expenditures on education declined by two-thirds between 1977 and 1993.[4] Health expenditures have declined by more than half since 1977, while the purchasing power of salaries has declined by more than 50 percent in the 1980s. Virtually no credit was available for small producers, a situation that continues to the present.

The positive impacts of the structural adjustment measures redounded to the benefit of the large producers. Between 1985 and 1990, the largest businesses in the private sector consumed 77 percent of all credit, although they made up a very small part of the population. Aside from credit, the business sector was also aided by funding to support a wide range of export promotion activities through the mechanism of FUSADES through which over $100 million in AID funds was channelled.

creation of NGOs that were supposed to contribute to the strengthening of civil society. Current AID policies roughly balance these three approaches.

During the 1980s you have a situation in which the private sector, indeed the traditionally largest sector of the private sector, was strengthened as the result of AID programs, while the capacity of the State was weakened. And there was a concentrated effort to create new organizations in civil society, such as FUSADES, but the new organizations -- rooted in the private sector, engendered in the private sector -- came to compete with unions and popular organizations of a variety of sorts. If you look at the founding governing board of FUSADES in 1983, its members now occupy the presidency and the principal government ministries. -- George Vickers

We say that before we had a military dictatorship. Now we feel that we have an economic dictatorship because of the structural adjustment policies. It is an economic structure in which big business imposes its structures and laws. It used to be that the government sector got rich. Now it is big business -- but it is still the same people. In the case of El Salvador, while the armed conflict is over, we still have not corrected the problems that gave rise to that conflict, and now the adjustment programs are accentuating those problems. -- Ismael Merlos

[4] FUSADES is a private sector organization, founded in 1983, that received its first funding from AID in 1985. While ostensibly an NGO, FUSADES has very close ties with the ARENA government and the current administration. FUSADES not only has been central in developing government economic policy, but also the recipient of over $100 million in USAID funds from 1984-1992 to promote private sector development. For more information, see *El Papel de la Asistencia de AID en el Fortalecimiento de Nuevas Instituciones del Sector Privado y en la Transformacion Global del la Economia Salvadorena: El Caso de FUSADES* by Herman Rosa, paper presented at the XVII Latin America Studies Association Congress, Los Angeles, September 1992.

The rural and urban popular sector organizations are attempting to occupy in the most constructive manner possible the democratic space created by the end of the civil war. However, popular sector organizations believe that the government is trying to undermine the organized popular sector through unfavorable policies. These include little or no credit, or credit conditioned upon the parcelization of cooperative lands; the use of Social Investment Funds, financed by USAID to soften the impact of structural adjustment policies, to advance the electoral strength of the governing party; and prolonged delay in meeting key elements of the peace accords, including the resolution of the land issue.

Guatemala

The popular sector faces obstacles in Guatemala that are far more pronounced than those in El Salvador and Nicaragua. The depth and extent of poverty, especially in the rural sectors, is far greater than in the other countries -- in some rural areas, 90 percent of the population lives in extreme poverty. A USAID study identified the high degree of land concentration as a primary cause of poverty in Guatemala, yet land reform is not even part of the policy debate in Guatemala.

The land problem is fundamental. Since we peasants have no land or very little land, we find ourselves forced to seek lands that are not really suited for production -- on hills or in steep ravines. Because the land is so poor, we rely too much on pesticides and chemicals. After a few years the land becomes useless, and we have been obliged to clear the forests.

Many people say that environmental degradation is the fault of the peasants because we are ignorant, that we do not know how to manage the land. This is totally false. -- Juan Francisquez

The focus of AID policy in the peasant sector has been the promotion of non-traditional exports -- export crops such as melons or snow peas -- rather than support of basic grain production. However, the credit needed to invest in these activities is managed by exporters' associations. The experience of many small farmers has been that the terms of credit are unfavorable to the peasant. First, peasants must prove they own the land they occupy, yet many do not have title or the wherewithal to go through the process of establishing legal title. Second, the risk farmers face in putting their land up as collateral dissuades many given the high likelihood of poor harvests and the onerous terms of the loan. The third aspect is that credit is available for the purchase of inputs based on chemical-dependent agriculture, a model which ultimately depletes soil nutrients. Juan Francisquez, a representative from the Guatemalan peasant confederation CONAMPRO (the National Coordinating Body of Small and Medium Producers), stated, "Far from being a tool for development, this credit has become a factor of impoverishment for the peasant."

The war is not over in Guatemala. Why do I bring up this point? AID can invest and support projects for peasants, but how can AID be sure these projects will be successful if the peasant leaders are going to be kidnapped or assassinated?

The question of war goes with the question of democracy. There is no freedom of organization. It is almost a crime to talk about organizing, to talk about the land problem. AID policies must take these points into account. -- Juan Francisquez

The indigenous peoples of Guatemala, who make up over 50 percent of the population, have suffered not only from the extreme poverty, but also a 30-year civil war, aimed at repressing any sort of popular sector organizing and undermining the indigenous cultural identity. Although the speakers identified many of the same issues and problems that were found in El Salvador and Nicaragua -- land, lack of credit for the small farmer, environmental degradation -- the capacity of the popular sectors to address these problems is hindered by the lack of genuine democracy in Guatemala. Despite an elected president and legislature, the military have been the de facto rulers of Guatemala since the 1954 coup against President Arbenz, committed to maintaining a status quo that benefits a very narrow elite. Genuine development is not possible in this context. It remains to be seen whether recent political developments substantially change the current power structure.

REFORMING USAID

Despite the differences in condition and experience among the countries, and the difference in background and perspective of the participants, many common themes and recommendations emerged from the discussions. As a shared starting point, all agreed on the need for a concept of sustainable development that balances growth, equity, and environmental concerns. This concept is inclusionary in that it proposes that all sectors of the economy must be involved in community-based development efforts. A series of funding and procedural recommendations flowed from this conceptualization of development and past experience with USAID.

Promoting Sustainable Development

The participants agreed that US foreign policy in general, and AID in particular, had failed to promote a model of development that benefitted the rural and urban poor. On the contrary, many U.S. policies had reinforced and consolidated the position of the political and economic elite, at the cost of popular development. The economic and human costs of this have been tremendous. Furthermore, many fundamental issues remain unresolved, and if they are not addressed, the tenuous peace that has been achieved through much of the region may crumble.[5]

The recommendations that were made at the meeting were based on the concept of a community-based process of sustainable development that balances economic growth and social equity goals, promotes the sound management of the resource base, and consolidates the process of political democratization. Sustainable development is not based on any one model that can be imposed from the outside by multilateral or bilateral agencies.

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[5] This has been vividly illustrated in Nicaragua this summer, where anti-government rebels -- consisting of both former contras and former Sandinista fighters -- battled the army, after the rebels staged attacks against a number of targets in Esteli in July. In August there was a kidnapping standoff that which began after rightist guerrillas kidnapped 37 government members identified with the Sandinistas. In retaliation a group leftist kidnapped 33 politicians, including vice president Godoy.

Sustainable development must be based on the realities at the community level -- the resource base, the nature of the regional economy, the make-up and skills of the local population, and the existence and capacities of local organizations and NGOs.

> *Sustainable development is understood to be development that emanates from the community itself, which is based on the fact that each individual is conscious of his or her own situation and can have an impact on it. As NGOs we also believe in economic democracy. We understand this to be equal opportunities for all, rather than policies that are aimed only at minority sectors in the country. The best kind of development is done through people who do it for themselves* -- Ismael Merlos

The participants emphasized repeatedly the need for popular sector enterprises to be self-sustaining and competitive within the market. This requires a flexibility and a willingness to experiment with different forms of economic production that they recognize was lacking in the past. Doing this successfully requires access to resources -- land, credit, training and technology. The participants were advocating a change in USAID's focus, from the business sectors it has traditionally supported more effectively, to a broader focus that includes the small and medium farmer and the cooperative sector.

Improving Access to Resources

Credit Presently, credit is controlled by private sector interests or government, with very little available to the rural poor. The current lack of credit, resulting in part from the impact of structural adjustment policies and privatization, is a major obstacle to successful development. Cooperative enterprises have been especially hard-hit under the prevailing economic ethos. Credit is denied cooperative enterprises ostensibly because cooperative organizations are poor managers and poor credit risks. Even when credit is available, poor farmers face unfavorable conditions, such as the obligation to parcelize their holdings or plant export-oriented cash crops, rather than basic grains that meet local needs. The terms of credit -- the interest rates and/or the length of loans -- is often unfavorable to the small farmer. Failure, in effect, becomes a foregone conclusion under these circumstances.

Yet, the National Union of Farmers and Cattlemen (UNAG) manages a cooperative that is the largest coffee exporting enterprise in Nicaragua, runs a slaughterhouse that processes 60,000 cattle a year, and has recently built a sesame processing plant. In El Salvador during the war, local NGOs and popular sector organizations established effective literacy and health programs, revolving credit programs, and maintained cooperative production in conflictive zones. Clearly the capability exists within the cooperative sector to develop and maintain sizeable economic enterprises.

Is the Cooperative Sector Viable?

Although USAID has supported cooperative formation and development in the past, the agency still expresses a pronounced skepticism about the viability of the cooperative sector. This skepticism, shared by many economists and policy makers, is based in part on the relatively poor economic performance of cooperatives. As Ismael Merlos observed, "In general, when the question of cooperatives is raised, it is looked at from the standpoint of economic profitability alone. Even by this standard, you will find different levels of profitability and efficiency in cooperatives. But if you look at such issues as social development -- the availability of health care, education, experience in democratic decision making -- then it is clear a cooperative offers more than a small parcel of land." This helps explain the continuous commitment to the cooperative sector throughout much of Central America at the community level. George Vickers recommended that one valuable activity USAID could engage in with the cooperative sector is a dialogue about both the social and economic roles of cooperatives, and determine broader means to assess cooperative performance under circumstances in which cooperatives have adequate support. Carlos Sojo suggested that a complementary exercise would be to rigorously measure the costs associated with increased production of large enterprises -- given the incentives, subsidies, and favorable credit terms they enjoyed over the last 10 years -- and this sector's ability to rapidly respond to changing market conditions.

Credit programs need to be designed to meet farmers' needs. They need to be part of a larger development package, consisting of other elements included in this section, that will work to maximize production and return, rather than maximize the risk and vulnerability farmers face in an uncertain market.[6] The participants also recommended that those funds be directly controlled by producer organizations, rather than being channelled through the government or private sector organizations.Aware of the skepticism of many within the U.S. foreign aid establishment regarding the viability of cooperatives, George Vickers proposed that USAID and proponents of and practitioners within the cooperative sector begin a dialogue to evaluate both the economic and social contributions of the cooperative sector (see box above).

Land The issue of secure land holdings is extremely pressing for many of the rural poor. Even those who farm an expanse of land adequate to support them lack security as land ownership is disputed or called into question. Many hundreds-of-thousands of farmers either have inadequate land to support their families, or are completely landless. A commitment on the part of AID to promote expeditious compliance with land reform laws or other agreements around land distribution in each of these countries is essential, if rural poverty is to be solved.

[6] Often payment on an agricultural loan is due during the harvest season. Even if the yield is good, farmers are forced to sell their products when the market is saturated. The buyers pay low prices and often store the produce to sell later, when prices are higher. Longer repayment periods, loans to build storage facilities and transportation capacity, and direct access to markets are all elements of a more rational credit policy.

Infrastructure USAID funds should support the improvement of infrastructure services for production -- such as electricity, potable water, highways and roads -- targeting regions heavily occupied by medium and small producers. USAID should also fund social infrastructure projects, such as health and education, to address problems that are particularly debilitating to vulnerable populations.

Technology Small and medium producers need access to both production and information technologies. The former is needed to improve sustainable production and develop the capacity to process raw materials into finished products. The latter is needed to provide information and forecasting capabilities on regional, national, and international marketing trends.

Markets Ismael Merlos noted that small farmers and producer cooperatives will remain economically vulnerable as long as they are subject to conditions imposed by monopolies. Other speakers echoed this point, emphasizing the need to explore ways in which to eliminate the intermediary in selling produce both in the domestic and international markets.

Institutional Strengthening A commitment by USAID to help provide greater access to these resources would also require a commitment to enhance the capacity of local NGOs and popular sector organizations to manage increased resources, new technologies, and new responsibilities, such as marketing and food processing. Training should be a central component of any AID funding strategy.

In short, while the participants clearly sought increased financial support for their efforts, they also emphasized the need for information and productive technologies and training in an array of activities, so local organizations can invest the resources available more effectively. They are seeking greater control over the whole economic process -- from production to marketing --- so they have a genuine chance at development, rather than being tripped up at various stages by policies that work to their disadvantage.

USAID and the Role of National Governments

Participants felt that Central American governments have used the requirements of structural adjustment measures to abdicate fundamental responsibilities and create opportunities for private entrepreneurs to further enrich themselves as governments privatize monopolies (e.g. electric and telephone systems). They felt that USAID had strongly abetted and justified a minimalist role for the state, despite the social costs and the impact on the poor. Furthermore, by establishing social investment funds (SIF), often channeled through NGOs, to ameliorate some of the harsher outcomes of structural adjustment, they had allowed governments to shift government monies away from social spending to non-productive areas such as military spending. Based on the experience of the researchers, only in Costa Rica have SIF funds actually been used to increase government spending on health, education, and micro-enterprise development. Carlos Sojo raised the concern that, if aid

Government still has an important role to play in the sustainable development process. We need to modernize the state, not minimize it. Government has to have the authority and the technical capacity to plan major infrastructural investments. If you lose that capacity, infrastructure goes to private sector interests – who will focus their investments on the coasts for export purposes, and the interiors will die. We talk about bringing environmental concerns and natural resource management to the center of development policy. That will require a planning and regulatory role for the state. -- Deborah Barry

substitutes for government spending for social programs, such programs will be cut completely once aid flows diminish.

Government must take responsibility for much of the infrastructural development mentioned above. Equally important, governments have the obligation to create the overall conditions favorable to the flourishing of civil society and community level initiatives. The participants felt the U.S. government had a legitimate role to play in encouraging governments to meet their obligations. For example, in Guatemala, the U.S. government should be more forceful in condemning human rights violations. In all three countries, the U.S. government should support the various *concertacion* initiatives.[7] Reform efforts in areas of taxation, judicial reform, and military accountability are all essential to more democratic societies. Carlos Sojo went so far as to recommend that a reformed USAID impose social conditionalities. That is, governments benefiting from AID funding should demonstrate a concrete commitment to reducing poverty, tax reform, increasing credit to small producers, improving the status of women and ethnic groups, and promoting natural resource preservation and management. With regard to political conditions, he stressed the obligation of making the armed forces subordinate to civilian authority, modernizing the justice system, reducing corruption within government and the business sector, and enhancing the management capacity of the public sector.

Policies, Procedures, and Structures at USAID

1. Depoliticizing AID There was a unanimous consensus among the speakers that USAID's ability to promote genuine development has been greatly weakened by its numerous and conflicting mandates. Most debilitating, AID has been seen as a tool to promote administration foreign policy objectives -- principally the fight against communism in the Central American context -- which has led it to support policies that perpetuate poverty for the majority of people. AID, in general, is not seen as a friend of the poor in Central America. The participants, however, felt that AID could demonstrate a genuine commitment to participatory development in a number of ways, many of which would not require fundamental restructuring.

[7] *Concertacion* is a process in which the key sectors of society get together for dialogue with the end of reaching agreement around important policy areas. The sectors represented - e.g. government, business, and the popular sector -- often have long-standing disagreements and disputes, but agreement to engage in the *concertacion* process implies recognition of the need to find common ground and seek new solutions.

At the same time, AID does not operate in a vacuum. It is becoming a truism to say that there has been a globalization of the economy. In practice this means that development strategies have to be highly linked between bilateral and multilateral lending agencies, national governments, regional organizations, and local populations. AID can pour funds into community-based development strategies, but if macroeconomic reforms and other policies inimicable to the rural poor remain in place, self-sustaining development remains an impossibility.

2. Increased Transparency Under previous administrations, it has been virtually impossible for popular sector organizations, researchers, or specialists outside the formal structures of the national government to get any documentation from USAID. USAID has spent millions of dollars conducting evaluations of its work, but most of these studies are not shared or made public, even to those who were the subject of the study.[8] To the extent there was contact between AID and popular sector organizations, officials from the country missions often seemed to take an adversarial and/or paternalistic attitude. For AID to successfully promote development and gain the trust of the sectors that have failed to benefit or been harmed by U.S. foreign policy, it needs to change these attitudes, a change that can be manifested in a greater willingness by AID to share information with the public.

3. Relying on Local Expertise and Institutions AID has practiced a "top-down" model of development reflected in its extensive reliance on consultants, often coming from the U.S., to bring expertise and "solutions" to poor communities. Under the thrust to reduce government expenditures and privatize many government enterprises and functions, AID began channeling funding through NGOs -- in some respects a positive development. However, many of these NGOs are based in the U.S. but implement projects in Central American countries. Other local NGOs have sprung up as the result of the availability of AID funds. However, most of these NGOs do not have deep roots in the community, often actually compete with genuine community organizations, and bring an AID mandate and world-view which has been inconsistent with community-based autonomy and control of the development process.

The problem with the national reconstruction plan currently in place in El Salvador is that AID has set up a series of NGOs, many of them closely linked to US NGOs, to undertake elements of the reconstruction plan. The local NGOs, that have 10 to 12 years working in the conflict zones, have been practically marginalized from participating in the reconstruction plan. Why wasn't our experience drawn from?

I have a report which indicates that of the $10 million dollars channeled to NGOs through the national reconstruction plan, 90 percent of the funds went to NGOs with their headquarters in the U.S., and the other 10 percent was distributed to NGOs created by the Salvadoran government and by AID.
-- Jaime Miranda

The participants wanted to acquaint AID personnel with their activities and

[8] The researchers who conducted the studies of AID in Central America could not gain access to AID documents through the local missions, but had to arrange for U.S. citizens to deal with AID in Washington, D.C.

An Integrated Approach to Agriculture, Environment, and Energy Production

USAID and other development organizations have to be more innovative in their thinking. The source of this innovation is unlikely to come from career AID officials or "international development experts". The source is much more likely to be local practitioners, universities and "think tanks" where the people are steeped in the issues, politics, and experiences at the local, national and regional levels. A great deal of innovative thinking is being stimulated by the rapidly deteriorating environmental conditions in some countries. Because conservation is not a reasonable option (in El Salvador 95 percent of the original forest cover is gone) ways are being explored to help restore ecosystems, while at the same time meeting the basic needs of resident communities. Deborah Barry provides an example:

We start with the KEY problem in development strategies for all of Latin America -- the rural population and agricultural production. We feel as though the small, medium-size, and co-operative agricultural producers are still an extremely important part of the population as **food providers**. This is a crucial point. These producers are the foundation of rural communities -- they play both an important social function and an important economic function as food producers. Yet, these sectors are the hardest hit by structural adjustment policies and are being forced out of the market by high production costs and lack of direct access to markets. And their practices of cutting trees for firewood, of using chemical inputs, of not being able to invest in anti-erosion tactics means that you end up with a vicious cycle of the rural population degrading more and more of its own resource base that it needs so desperately to survive.

This is particularly alarming in El Salvador where 70 percent of the production is on hillsides. These hillsides, in turn, constitute two-thirds of the watersheds of the principal rivers in the country. Those rivers constitute the major source of hydroelectric power for the country. Energy is crucial for any development strategy, yet last year electricity was severely rationed, going off for extended times right in the middle of the day.

The idea is that we need to promote a re-evaluation of major development projects in the energy sector and convince the World Bank and the IDB to re-analyze watershed management that works with the producer organizations, such as producer cooperatives. Can we see about the possibility of organizing those populations on the hillsides and linking agricultural production, to watershed management, and energy production? What this would require is subsidized credit through development banks (bancos de fomento) -- although I would argue we should look at the credit as an investment and not a subsidy. It would require major technical assistance, and **collaboration** among bilateral agencies, government, and local populations for a **long-term** development effort.

It sounds like creating a miracle. But in a country the size of El Salvador, it is an inexpensive experiment that can have huge implications elsewhere.

THE RESPONSE FROM USAID

The Central American representatives were able to meet with a dozen USAID officials for three-and-a-half hours on Tuesday, May 4 (see next page for participants from AID). The meeting was presided over by Dick McCall, special advisor to the Deputy Secretary of State, and facilitated by Michael Delaney, Oxfam America's program coordinator for Central America. In opening the meeting, Dick McCall repeated his personal belief in the efficacy of community-based development and the importance of having the direct participation of community leadership in development planning and implementation.

> *I am a strong believer that for development to be successful it has to be focused at the community-level. All to often I think our official aid agencies, both bilateral and multilateral, have attempted to impose policy, programs and prescriptions on people. That has to change if we are to be successful in really promoting true development of a truly participatory nature. People at the local level have experiences and a knowledge base that will be critical to the success or failure of hundreds of millions of dollars that are channelled into development on an annual basis.* -- Dick McCall

In responding to the presentations of the Central American representatives, a number of key points were made by AID officials. Stacy Rhodes, Acting Deputy Assistant Administrator for the Bureau for Latin America and the Caribbean observed that, while USAID was inescapably a mechanism of U.S. foreign policy, AID has always tried to address the problem of poverty by supporting broad-based, sustainable economic growth. AID's goal was to nurture democratic, pluralistic development, justice systems that function impartially, legislative assemblies that are genuinely representative, and a transparent executive. He agreed that it was time to put the ideological fervor of the past behind us, to look at regional solutions and development initiatives, and more fully engage at the grassroots. Several AID officials commented that they anticipated significant reductions in the level of funding, at the same time observing that that did not preclude potential for significant initiatives in Central America. Finally, a strong commitment was expressed to reach out to people not in power in the government and economy in Central America -- this meeting was one such effort. It was one of a series of meetings being held in Washington with representatives from the popular sectors in Latin America. Finally, Central American representatives were also encouraged to get in touch with the local AID missions in their countries, and a commitment was made to augment and enhance communication with the field offices.

CONTINUING THE DIALOGUE

All participants in the meetings -- both from Central America and USAID -- stressed that this set of meetings was only one step in the process and committed themselves to continue the dialogue. Regular contact between U.S.-based advocacy organizations, such as Oxfam America, Washington Office on Latin America, Church World Services, and other members of the Central American Working Group, continues.

PARTICIPANTS FROM THE AGENCY FOR INTERNATIONAL DEVELOPMENT*

Joan Atherton, Senior Advisor for Social Science, Bureau for Africa
Douglas Ball, Acting Salvador Desk Officer
Gary Bombardier, Office of Development Policy and Programs
Toni Christiansen-Wagner, Acting Director, Office of Central American Affairs
Phyllis Church, Program Coordinator and Outreach, Bureau for Latin America and the Caribbean
Neil Levine, Congressional Liaison Officer, Office of Legislative Affairs
Dick McCall, Senior Policy Advisor to the Deputy Secretary of State
William Stacy Rhodes, Acting Deputy Assistant Administrator, Bureau for Latin America and the Caribbean
Jim Vandenbos, Desk Officer for Guatemala
Eric Zallman, Deputy Director, Office of Development Planning and Programs.

* These were their titles at the time of the meeting. There have been numerous changes since then.

On July 13, USAID hosted a meeting at the State Department called by Charles Costello, Chief of USAID's El Salvador Mission. Besides Mr. Costello, the AID participants were Tony Christiansen Wagner, Deputy Executive Secretary of USAID, Ken Ellis, Director of the Office of Central American Affairs, and Maureen Dugan, Desk Officer for El Salvador. In the two-and-a-half hour meeting, Mr. Costello outlined AID priorities in El Salvador, and the NGO representatives were given an opportunity to express their views on AID's role in El Salvador.[10] Mr. Costello indicated a willingness to meet with Salvadoran NGOs and popular sector organizations and encouraged representatives from the northern NGOs to continue the dialogue on visits to him in El Salvador. He has followed up on that commitment by inviting 16 Salvadoran NGOs to a meeting with AID in San Salvador, as the first in a series of encounters he hopes to undertake.

Toni Christiansen Wagner was designated by AID to attend the regional meeting of the Concertacion Centroamericana de Organismos de Desarrollo (the *Concertacion* of Central American Development Organizations), being held in El Salvador on Sept. 20. This annual meeting of representatives from a wide range of NGO and popular sector organizations throughout Central America, invited AID to address the meeting on AID's policies and plans for Central America.

In **Nicaragua**, Daniel Nunez of UNAG has found over the last several months that "Up to this time, there has not been a change in the discriminatory policies of AID against the popular sectors, and it continues to strongly support the large business sectors in my country. Given this, we have not seen this to be an opportune time to establish contacts with the

[10] Representatives were present from CAWG, Center for Democracy in the Americas, National Agenda for Peace/Free and Fair Elections, UUSC, Institute for Central American Studies, Development Gap, Washington Office on Latin America, and Church World Services.

mission." Mr. Nunez did take advantage of a meeting of national and international NGOs in Nicaragua to report back on the meetings in Washington.

In **Guatemala,** Juan Francisquez of CONAMPRO and Jorge Escoto of AVANSCO, who had never met before coming to Washington, have continued their collaboration in the follow-up to the meeting. Mr. Francisquez has introduced the theme of AID reform to his organization, and is seeking to put this on the agenda of the Regional Farmers' Congress to be held in Guatemala in December. In the meantime, he is working with other *campesino* leaders and Mr. Escoto to develop a united position on this issue. Mr. Escoto, for his part, sent copies of his book to the AID mission, but had not had a response.

El Salvador appears to be the country in which there is the most promise for increased access of the popular sectors to AID funding and personnel. Deborah Barry of PRISMA is organizing a series of seminars to prepare Salvadoran NGOs to deal more effectively with AID, the first of which is a "Seminar on Foreign Cooperation: AID in the postwar period". Subsequent seminars will deal with AID and the environment and debt-for-nature swaps. PRISMA will also be publishing an information bulletin several times a year on grants and loans being negotiated by AID in El Salvador. AID has had increased contact with popular sector organizations, including COACES, and appears to be disposed to consider renewed funding to the cooperative sector, although the terms of this funding are not yet clear.

CONCLUDING COMMENTS

Oxfam America was pleased to facilitate these meetings. We will continue to work closely with our partners and colleagues both in Central America and the United States to promote reform and new thinking at USAID, both at the policy level in Washington, D.C. and within national borders. We welcome, and strongly encourage, increased direct contact between popular sector leaders and organizations with USAID in an effort to find common ground and reach a consensus on development alternatives, and will do all we can to further constructive contacts. Oxfam will also continue to advocate with our partners regarding issues of debt, environment, structural adjustment and other macro-level policies that constrain the progress of the urban and rural poor.[11]

[11] For further information about Oxfam America's advocacy program, please call Kathy Knight at 617-728-2416.

Appendix 1

Partial List of Meetings Held on USAID Reform

* A collaboration, which began in November, 1991, between the Central America Working Group (CAWG), a consortium of U.S. NGOs concerned with Central America, and Concertacion CentroAmericana de Organismos de Desarollo, a consortium of NGOs and popular sector organizations based in Central America, to develop a position paper on aid reform in Central America, which they recently issued.[12]

* A meeting held in Managua, Nicaragua in February where the research teams that conducted the research on USAID presented the results of that research. Local USAID officials attended all or part of the meeting.

* CAWG brought up members of Concertacion's Advocacy Commission to participate in a working group at the most recent Interaction annual meeting in April, the umbrella organization of U.S.-based international NGOs, and set up a meeting of those representatives with USAID officials.

* Development Gap (DGap) arranged for a delegation from Latin America (including Ismael Merlos) to testify before the Wharton Commission on April 22. John Hammock, Oxfam's Executive Director, also participated in these meetings.

* Oxfam America hosted a delegation of Central American researchers and NGO and popular sector representatives for two days of meetings in Washington, on May 3 and 4.

* In July, representatives of CAWG, DGap, Church World Services, and the Washington office on Latin America (WOLA), met with Dick McCall, who is now Chief of Staff for USAID. Later in July, these same organizations, plus representatives from Oxfam America, Center for Democracy in the Americas, National Agenda for Peace/Free and Fair Elections, UUSC, and Institute for Central American Studies, met with Charles Costello, Chief of USAID's El Salvador Mission, Ken Ellis, Director of the Office of Central American Affairs, and Maureen Dugan, Desk Officer for El Salvador to discuss AID in El Salvador.

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[12] A Fresh Start: New Paths for U.S. Economic Policy Toward Central America. Sponsoring organizations are the Central American Working Group and Concertacion Centroamericana de Organismos de Desarrollo. The paper is available from CAWG.